

Helping Rural Nebraskans Every Day and in Every Way

2010 ANNUAL REPORT

USDA



Rural
Development



Tom Vilsack
Secretary of Agriculture



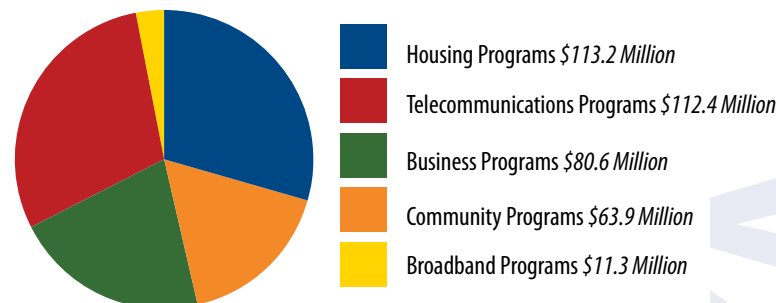
Dallas Tonsager
*USDA Rural Development
Under Secretary*



Maxine Moul
*USDA Rural Development
State Director in Nebraska*

USDA Rural Development is Changing Rural Nebraska

We invest in housing, business, community facilities, broadband and telecommunications to bring a greater quality of life to rural residents. USDA Rural Development Investment in Rural Nebraska in Fiscal Year 2010: \$381 Million



American Recovery and Reinvestment Act (ARRA) dollars totaling nearly \$191 million were delivered in Fiscal Years 2009 and 2010 to benefit rural Nebraska.

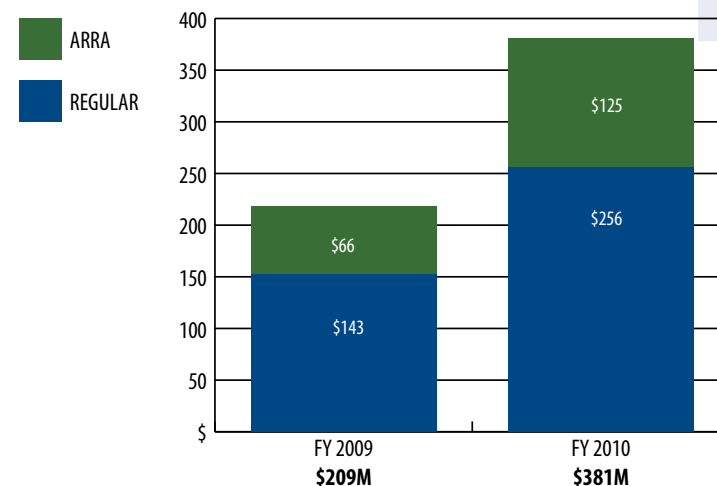
Funds were delivered through:

Housing Programs	\$62.8 Million
Business Programs	\$59.2 Million
Community Programs	\$57.4 Million
Broadband	\$11.3 Million



Fiscal Years 2009 and 2010 Funding Expanded By ARRA Dollars To Assist A Greater Number of Rural Nebraskans

Leveraging of federal, state and local resources allowed for a greater number of rural Nebraska residents and communities to be served.



Helping Rural Nebraskans Every Day and in Every Way

Nebraska communities, businesses and citizens made millions of dollars of investments in 2010, with the support and resources of USDA Rural Development.

The American Recovery and Reinvestment Act, passed into law on February 13, 2009 by Congress, provided taxpayer dollar support for loans, grants or loan guarantees for community facilities, water and waste disposal, broadband, business and industry and housing. In Nebraska the stimulus package brought more than \$190 million into the state. What did these funds accomplish?

- 1,700 estimated permanent jobs created and/or saved. That does not include the construction jobs provided as a result of the projects across the state.
- \$62.8 million in loans and loan guarantees brought homeownership to 773 households.
- \$58.7 million for business and industry loan guarantees to 11 businesses for working capital, expansion and debt restructure.
- \$42.9 million for community facility loans, grants and loan guarantees that assisted 16 projects ranging from new hospitals and new libraries to street improvements, community building renovations and the purchase of emergency equipment.
- \$14.5 million that assisted 11 communities with their water and waste water needs.
- \$11.3 million to Southeast Nebraska Communications Inc. of Falls City for continued and enhanced access to broadband capabilities.
- \$472,000 for seven rural business enterprise grants that provide technical assistance and revolving loan funds to facilitate and finance the development of small and emerging rural, private businesses.

The Recovery Act dollars are at work at the Community Hospital at McCook. The hospital serves 11,500 rural residents in eight counties and is being expanded to improve the care of its patients. The project has already created more than 300 construction jobs with another 100 expected during three phases.

The City of Stromsburg's improvements to its municipal water will bring the system that serves more than 500 users into compliance with new Safe Drinking Water Act regulations.

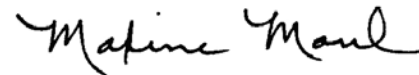
Prairieland Foods, LLC, a local dairy processing facility in Hallam, purchased a facility to meet the growing demand for a local, source verified, sustainable supply of dairy foods and ingredients and to diversify the market for milk produced at local dairies. Rural Development assisted with a loan guarantee to provide the working capital to meet those growing demands.

Homeownership was brought to Kendra and Robert Green who were tired of paying monthly rent and wanted to provide their 18 month old daughter with a home. They purchased a house in Plattsmouth through a low interest rate, no money down loan offering affordable monthly payments.

USDA Rural Development has clearly accomplished what the Recovery Act intended-- more rural residents assisted, jobs created and community facilities built, bringing an improved quality of life to rural Nebraska.

This 2010 Annual Report highlights these Recovery Act projects and others funded in Nebraska through our regular appropriations. Our total funding in 2010, including broadband and Rural Utilities Services loans, reached a record \$381 million. USDA Rural Development is proud of these accomplishments, made possible through our partnerships with Nebraska lenders, communities and businesses.

Sincerely,



Maxine B. Moul
Nebraska State Director



Community Facilities Programs

Community Facilities Programs help rural Nebraska communities and individuals by providing loans, loan guarantees and grants for community facilities. We provide funding for childcare centers, fire and police stations, hospitals, libraries, nursing homes, schools, and much more.

Utility Programs work to provide reliable and affordable water, waste treatment, electric power and telecommunications services that can help rural areas of Nebraska to expand economic opportunities and improve the quality of life for rural residents. USDA Rural Development provides funding opportunities in the form of payments, grants, loans, and loan guarantees.

PROGRAM HIGHLIGHTS...

- Nebraska's investment in community facilities this year benefited 22 communities through \$43 million for projects such as libraries, public safety, tribal colleges, community/senior centers, ag societies, street improvements and equipment.
- Six Critical Access hospitals received funding totaling \$40.1 million, to serve 76,279 rural residents. Over the last five fiscal years, Rural Development has assisted in 20 hospital projects with \$127.9 million in loans, loan guarantees and grants.
- Funding of \$20.9 million assisted 14 communities and 2,463 households with their water and wastewater needs.

Community Facility Guaranteed Loan Disaster	\$2,900,000
Community Facilities Direct Loan	\$424,300
Community Facilities Direct Loan and Grant ARRA*	\$25,019,530
Community Facilities Direct Loan Disaster.....	\$14,000,000
Community Facilities Grant.....	\$161,000
Tribal College Grant.....	\$392,800
Economic Impact Initiative Grant.....	\$131,000
Water and Environmental Loan.....	\$2,251,000
Water and Environmental Loan and Grant ARRA*	\$13,118,600
Water and Environmental Grant	\$5,277,900
Emergency Community Water Assistance Grant.....	\$264,000
Total Community Programs	\$63,940,130

**ARRA-American Recovery and Reinvestment Act*

USDA'S RURAL UTILITIES SERVICE BROADBAND LOAN PROGRAM

provides loans to rural Nebraska to fund the costs of constructing, improving and acquiring facilities to provide broadband service to eligible rural communities. The Telecommunications Infrastructure Program provides loans to finance traditional telecommunications infrastructure in rural Nebraska communities. This program provides guaranteed, cost of money and hardship loans to finance voice telephone service.

PROGRAM HIGHLIGHTS...

- Nebraska telecommunications loans totaling \$112.3 million were awarded to Southeast Nebraska Telephone Company at Falls City, Arapahoe Telephone Company, Glenwood Telephone Membership Corporation at Blue Hill, and Northeast Nebraska Telephone Company at Jackson.

- Southeast Nebraska Communications Inc. was awarded a loan and grant totaling \$11.3 million through the ARRA Broadband Initiatives Program. The project expects to benefit approximately 3,000 people, 50 businesses, and 20 community institutions. In addition to the jobs this project will create initially, it will help drive economic development and create jobs for decades to come.

Broadband Loan*	\$3,396,895
Broadband Grant*	\$7,888,472
Total Broadband Loan and Grant Program	\$11,285,367
Total Telecommunications Loan	\$112,337,000

**ARRA-American Recovery and Reinvestment Act*

Safer Water Brought to Rural Nebraska Community

USDA Rural Development Nebraska State Director Maxine Moul helped Stromsburg to celebrate, in honor of the 40th anniversary of Earth Day, the planned improvements to the City of Stromsburg's municipal water system. USDA Rural Development assisted with a \$1,358,000 loan and \$541,500 grant made available through the American Recovery and Reinvestment Act. The improvements will bring the system, serving more than 500 users, into compliance with new Safe Drinking Water Act regulations.



A segment of water pipe was signed in honor of Earth Day and the water project.

New Library to a Rural Community Brings Greater Services



Administrator Judy Canales, center, reviews Pawnee City Library plans.

As part of the Recovery Summer Tour which highlighted and celebrated projects funded through the American Recovery and Reinvestment Act (ARRA), USDA Administrator for Business and Cooperative Services Judy Canales met with the Pawnee City Public Library Foundation staff and partners to discuss the plans for the future Pawnee City Public Library.

USDA Rural Development is providing funding for this project through a \$160,000 ARRA loan and a \$172,000 ARRA grant to assist in the purchase of land on which to build the new public library and the associated construction costs.

The new library will consist of 6,500 sq. ft. with added amenities to make the facility more user friendly for the patrons, increasing the number of residents who utilize the library. The existing Carnegie Library is at full capacity with no room to expand for needed services.

Top 100 American Recovery and Reinvestment Act
Project Is Committed to Rural Healthcare

USDA Under Secretary for Rural Development Dallas Tonsager and United States Senator Ben Nelson participated in a ceremonial groundbreaking in McCook, Neb. in September 2009 that marked the beginning of the expansion of the Community Hospital. The expanded facility will better serve the needs of the community.

The Community Hospital was named in Vice President Joe Biden's report, "100 Recovery Act Projects That Are Changing America." Community Hospital was selected from among federal agency American Recovery and Reinvestment Act (ARRA) projects nationwide.

The Community Hospital of McCook secured \$17 million through Rural Development Recovery Act funding, leveraged with a \$15 million loan from a consortium of independent community banks in Nebraska that was backed by a USDA Rural Development guarantee.

The expansion created more than 300 construction jobs in Phase One and is expected to create another 100 throughout the course of the construction.

Community Hospital is a Critical Access Hospital. The additions to the facility are intended to improve the care of its patients. The hospital serves 11,500 rural residents in eight counties.



U.S. Senator Ben Nelson, Hospital Administrator Jim Ulrich and USDA Under Secretary Dallas Tonsager celebrate the Rural Development funding for the expansion and renovations of McCook's Hospital.



Groundbreaking for the new Community Hospital addition Phase One took place in September, 2009.



Community Hospital addition, Phase One construction of patient rooms.

Business-Cooperative Programs

USDA Rural Development, through its Business Programs, provides job training and business development opportunities for rural Nebraska residents, including cooperative business development, community economic development, strategic community planning and faith-based and self-help initiatives.

Educational opportunities, training, technical support, and tools for rural Nebraska residents are provided to start small businesses and to access jobs in agricultural markets, and other existing markets, as well as acquire training in vocational and entrepreneurship skills they can use in the marketplace and business sector.

USDA Rural Development helps rural Nebraska residents and communities access renewable energy systems and use energy more efficiently. Energy programs provide funding opportunities in the form of payments, grants, loans, and loan guarantees for the development and commercialization of renewable energy sources.

Business and Industry Guaranteed Loan 2%.....	\$10,511,500
Business and Industry Guaranteed Loan 1% ARRA	\$58,697,469
9007 Guaranteed Loan 1% Renewable Energy Systems.....	\$1,989,250
9007 Guaranteed Loan 1% Energy Efficiency Improvement.....	\$1,042,010
Energy Efficiency Improvement Grant.....	\$2,311,917
Renewable Energy Systems Grant.....	\$522,997
Rural Business Enterprise Grant	\$522,030
Rural Business Enterprise Grant ARRA.....	\$325,000
Rural Business Enterprise Grant Native American Earmark.....	\$114,615
Rural Business Opportunity Grant Native American Earmark	\$76,070
Intermediary Relending Program	\$750,000
Rural Microentrepreneur Assistance Program Loan.....	\$1,200,000
Rural Microentrepreneur Assistance Program Grant.....	\$280,000
Rural Economic Development Loan.....	\$740,000
Rural Economic Development Grant.....	\$900,000
Value-Added Producer Grant	\$438,286
Rural Cooperative Development Grant	\$224,982
Total Business/Cooperative Programs.....	\$80,646,126

**ARRA-American Recovery and Reinvestment Act*

PROGRAMS HIGHLIGHTS...

- Eighteen businesses received funding totaling \$69.2 million to assist in business development activities.
- Financial assistance totaling \$5.9 million was provided for purchasing and installing renewable energy systems or making energy efficiency improvements for 157 ag producers and rural small businesses.
- Loans and grants totaling \$1.6 million were made to four USDA Rural Development electric program borrowers to finance business and community development projects.
- Three Microenterprise Development Organizations received \$1.5 million to capitalize three rural microloan

revolving funds and provide technical assistance and training to support the development and ongoing success of rural microentrepreneurs and microenterprises.

Keeping the Product Local

Prairieland Foods, LLC is a locally owned and operated dairy processing facility located in rural Hallam, Nebraska. The facility was purchased to meet the growing demand for a local, source verified, sustainable supply of dairy foods and ingredients as well as to diversify the market exposure for milk produced at local dairies. Financing was needed to refinance existing debt and to provide working capital to meet the growing demands for the company's products.

American Recovery and Reinvestment Act funds through USDA Rural Development's Business and Industry Guaranteed loan program assisted the First State Bank of Cortland to provide Prairieland Foods, LLC with a \$650,000 loan.

Prairieland has increased its milk production and expanded its markets. The processing facility provides several fluid milk products to the area, with a target market in Lincoln and Lancaster County.

The total project saved four jobs and created four new jobs with improved salaries for the workers.



Primary Manager Dan Rice pictured inside the processing facility.

Housing Programs

Single Family Housing Programs provide homeownership opportunities to low- and moderate-income rural Nebraskans through several loan, grant, and loan guarantee programs. The programs also make funding available to individuals to finance vital improvements necessary to make their homes decent, safe, and sanitary.

Multi-Family Housing Programs offer rural rental housing loans to provide affordable multi-family rental housing for very low-, low-, and moderate-income families; the elderly; and persons with disabilities. Rental assistance is available to eligible families. Farm labor housing is also provided through a special loan program.

PROGRAM HIGHLIGHTS...

- The direct and guaranteed housing loan programs brought homeownership to 1,204 households through \$103.2 million in USDA Rural Development funding.
- Essential repairs to rural owner-occupied homes were provided to 125 homeowners by financing of \$750,500.
- Rural Development provided affordable rent to 3,593 tenants of Rural Development multi-family rural rental housing complexes through \$7.1 million in funding.
- Four existing Rural Development rural rental housing complexes received \$2 million to preserve and revitalize their facilities and provide continued affordable rents to the tenants.

Guaranteed Home Ownership Loan-Annual.....	\$ 82,807,283
Guaranteed Home Ownership Loan-ARRA*	\$7,569,937
Direct Home Ownership Loan Annual	\$4,025,727
Direct Home Ownership Loan-ARRA*	\$8,747,789
Rural Home Repair Loan	\$318,322
Rural Home Repair Grant	\$432,161
Housing Preservation Grant	\$65,112
Rural Rental Housing Program-MPR	\$1,971,201
Rural Rental Housing Voucher Demo.....	\$128,232
Rural Rental Assistance.....	\$7,085,628
Total Housing Programs	\$113,151,392

*ARRA-American Recovery and Reinvestment Act

Housing

USDA Rural Development National Housing Administrator Tammye Trevino celebrated National Homeownership Month in Plattsmouth, Nebraska where two local families were recognized for becoming rural homeowners through USDA Rural Development American Recovery and Reinvestment Act (ARRA) funding.

Kendra and Robert Green were tired of paying monthly rent and wanted to provide their 18 month old daughter with a home. The Greens received a low interest rate, no money down loan funded through the USDA Rural Development Single Family Housing Direct Loan program.

Jal Angelsson and his family needed a larger home to meet the needs of a growing family. A loan made by Cass County Bank of Plattsmouth, Nebraska, backed by a USDA Rural Development guarantee, allowed the Angelssons to purchase an affordable and larger home.



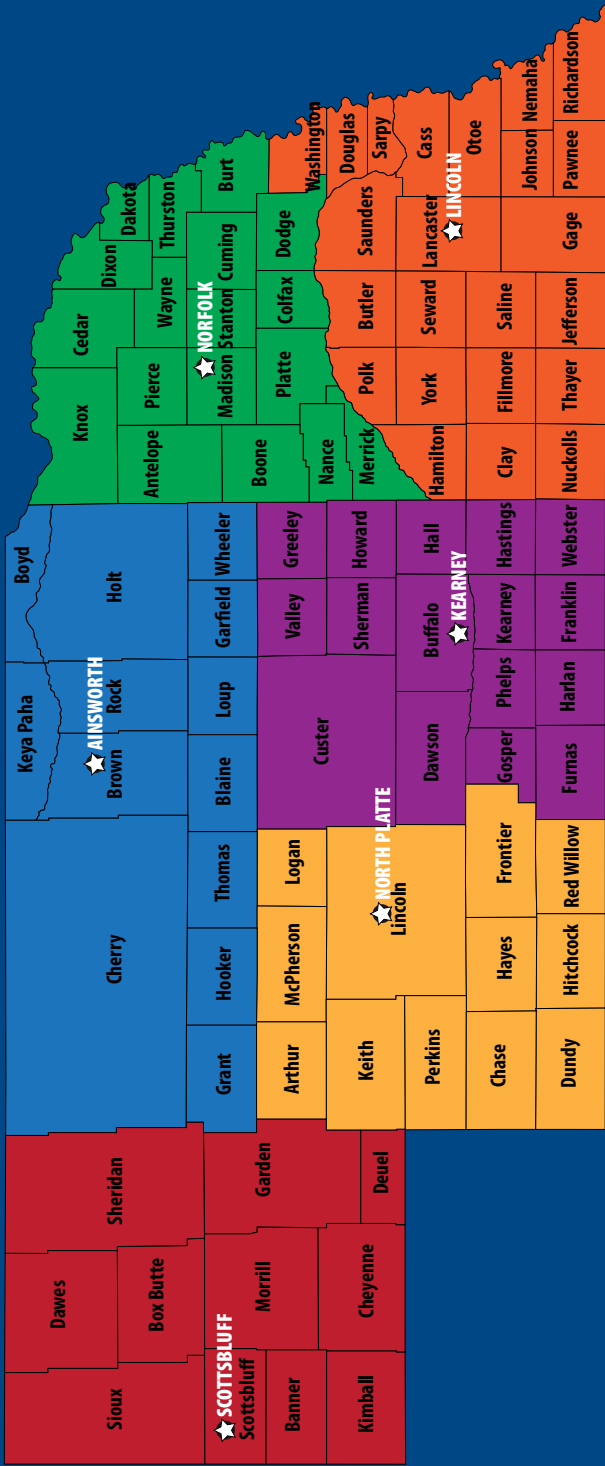
Tammye Trevino, center, with the Angelsson and Green families.

Providing Affordable Housing for Farm Labor Workers

Doug and Linda Hodorff operate the Broken Bow Dairy, located in rural Milburn, Nebraska that employs six full-time and two part-time employees. Housing for the employees and their families was substandard, with the nearest town 20 miles away.



USDA Rural Development provided a \$215,000 Multi-Family Farm Labor Housing for On-Farm Labor loan to purchase two modular homes for two of their employees and their families. The homes are energy efficient and great assets as they will provide suitable housing for years to come.



Maxine Moul, State Director

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The background of the page is a collage of three distinct images. The top image shows the side of a red and white ambulance with the word 'AMBULANCE' in red letters and a red cross symbol. The middle image shows a building under construction with a corrugated metal roof and wooden framing. The bottom image shows a water tower on a tripod stand. The text is overlaid on the bottom left of the collage.

USDA Rural Development State Office

Room 152 Federal Building

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